

## REMARKS

Reconsideration of this application as amended is respectfully requested.

Claims 1-17 are currently pending. Claims 1-4, 8, and 12-14 stand rejected under 35 U.S.C. § 102(b) as being anticipated by U.S. Patent No. 5,878,405 of Grant et al. ("Grant"). Claims 5-7, 9-11, and 15-17 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Grant and alleged common knowledge in the art.

Claims 1, 15, 16, and 17 have been amended. Support for the amendments is found in Figure 2 of the drawings and pages 7-10 of the specification. Applicant respectfully submits that the amendments do not add new matter.

Applicant reserves all rights with respect to the applicability of the doctrine of equivalents.

The specification has been amended at page 4, lines 13 and 15, to correct typographical errors.

Claim 1 has been rejected under 35 U.S.C. § 102(b) on being anticipated by Grant. The Examiner has stated the following:

**Re Claim 1:** Grant discloses a method of providing liquidity to an investment fund utilizing a liquidity vehicle, comprising:

- Prompting at least one investment fund having a net share outflow to offer shares to the liquidity vehicle (Column 10, line 56-Column 11 line 31; prompt is the request for a loan from the participant; liquidity vehicle for the participant is combination of the credit account, secured by the LF)
- Purchasing least one offered share (Column 11, lines 14-15; sold to LF); and

- Holding the at least one purchased share in the liquidity vehicle for a period of time (Column 13, lines 13-16; security is held until payment of principle and interest).

(p.2 Office Action 10/19/06).

Applicant respectfully submits, however, that amended claim 1 is not anticipated under 35 U.S.C. § 102(b) by Grant. Amended claim 1 includes the following limitations:

- (a) prompting at least one investment fund having a net share outflow to offer shares to the liquidity vehicle;
- (b) the liquidity vehicle purchasing at least one offered share of the at least one investment fund with proceeds of the purchase going to the at least one investment fund; and
- (c) holding the at least one purchased share in the liquidity vehicle for a period of time.

(Amended claim 1).

Grant includes a disclosure of the following:

It is a further object of the present invention to provide a method of originating an unlimited number of pension-based loans per participant without liquidating retirement assets from long term high return investments through the creation, securitization, and sale of plan held promissory notes, while further avoiding establishing a line of credit secured directly against pension assets that causes retirement assets to be liquidated and placed in low yield investments.

(Grant Col. 8, lines 41-48) (emphasis added).

Grant also includes a disclosure of the following:

Accordingly, it is an object of the present invention to provide a data processing system for managing a plurality of credit accounts, each individually associated with a separate pension plan and a separate account within the separate pension plan.

(Grant Col. 8, lines 36-40)(emphasis added).

Grant further discloses the following:

To provide access to short-term pension-based loans without liquidating long term investments, the system leaves long term investments in the plan by securitizing the promissory note on behalf of the participant.

(Grant, Col. 7, Lines 8-11) (emphasis added).

Grant is fundamentally different from amended claim 1. The scheme disclosed in Grant involves pension-based assets, a loan, a promissory note, a trust, credit cards, vendors, and a liquidity benefit to the participant, who is an individual/employee that receives the benefit of the pension. The scheme disclosed in Grant is pension-specific, subject to pension regulations, narrowly focused, and relatively complex. This is apparent from the following disclosure of Grant:

The system of the present invention allows a participant to create an unlimited number of promissory notes in a plan trust (subject to the regulations discussed above). Unlike the current practice of liquidating plan investments in the amount of the promissory note and distributing the proceeds of the liquidated investments to the participant, the promissory note itself, as an asset of the plan, is placed into a subtrust (ST) of the plan at block 100, and is securitized. The security is sold to a Loan Fund (LF) at block 110, and represents the promissory note and the right of the promissory note to call for other plan assets to be liquidated and disbursed in exchange for the promissory note. The cash received from the loan fund in exchange for the securitized promissory note is distributed to the participant's associated unsecured credit card account ("CARD") at block 155, or other vendor account ("VENDOR") at block 165, as specified by the participant.

The centralized loan management system (CLMS) is part of the recordkeeping function outsourced by the record keeper 50 to provide pension-based loan functions and pension-based electronic disbursement functions. Similarly, the subtrust (ST) 100 is considered a segregated part of the

trust function within a pension plan to provide trust functions with respect to pension-based loan functions and pension-based electronic disbursement functions.

(Grant Col. 11, lines 7-31)(emphasis added).

The contrasts between Grant and amended claim 1 are numerous. Grant discloses a promissory note with respect to a pension plan. Amended claim 1, in contrast, refers to at least one share of an investment fund. Grant refers to a pension plan trust 55 that holds pension plan assets. In contrast, amended claim 1 refers to at least one investment fund having a net share outflow. Grant fails to disclose the net share outflow limitation of amended claim 1.

Grant discloses that the loan fund purchases the securitized promissory note and that the cash from that transaction is distributed to the participant's associated unsecured credit card account or other vendor account as specified by the participant. Grant does not disclose the contrasting method of amended claim 1 of the liquidity vehicle purchasing at least one offered share of the at least one investment fund with proceeds of the purchase going to the at least one investment fund. Indeed, Grant teaches away from amended claim 1. In Grant, the credit card or vendor does not purchase the securitized promissory note. Moreover, in Grant, the pension plan does not get the proceeds of the sale of the securitized promissory note. The scheme of Grant has the loan fund purchasing the securitized promissory note. In Grant, the cash proceeds of the sale go to the participant's credit card account or vendor account as specified by the participant. This is a striking contrast to the method of amended claim 1, wherein the liquidity vehicle does the purchasing, with the proceeds going to the at

least one investment fund. In Grant, the proceeds of the sale of the securitized promissory note do not go to the pension plan.

The applicant respectfully disagrees with the Examiner's view that Grant discloses a liquidity vehicle for the participant that is a combination of the credit account and the loan fund. The Examiner's position is undercut by the fact that (1) the loan fund 110 of Grant accepts the instructions of the subtrust (ST) regarding the disbursements of funds (Grant Col. 12, lines 43-45) and (2) the subtrust of Grant is considered part of the pension plan. (Grant col. 12, lines 25-27). Thus there is no separation in Grant between the pension plan and a liquidity vehicle if the loan fund is considered part of the liquidity vehicle. But Grant does not disclose the credit card purchasing the securitized promissory note.

Applicant thus respectfully submits that Grant does not disclose the method of amended claim 1. Therefore, amended claim 1 is not anticipated by Grant under 35 U.S.C. § 102(b).

Given that claims 2-4, 8, and 12-14 are dependent claims with respect to amended claim 1 and add limitations, applicant respectfully submits that claims 2-4, 8, and 12-14 are not anticipated by Grant under 35 U.S.C. § 102(b).

The Examiner has rejected claims 5-7, 9-11, and 15-17 under 35 U.S.C. § 103(a) as being unpatentable over Grant and alleged common knowledge in the art.

With respect to claim 5, the Examiner has stated the following:

**Re Claim 5:** Grant discloses the claimed method *supra* but does not explicitly disclose wherein the at least one offered share is purchased prior to the next trading day after the occurrence of an outflow of shares of the same investment fund. However Grant does disclose the desire

for the process to be updated in a timely manner in order for the participant to be fully aware of both the loans they request, and the effect on the underlying pension account (Column 14, lines 34-65). It would have been obvious to a person of ordinary skill in the art at the time of invention to modify Grant to make the entire process as efficient as possible. The participant can then be fully aware of all outstanding loans and be less likely to borrow beyond their means.

Claim 5 is a dependent claim with respect to claim 4, which is a dependent claim with respect to amended claim 1. As stated above, Grant does not disclose limitations of amended claim 1. Moreover, applicant respectfully submits that Grant does not disclose the limitation of claim 5 of "wherein the at least one offered share is purchased in step (b) prior to the next trading day after occurrence of an outflow of shares of the same investment fund." Moreover, that limitation of claim 5 was not common knowledge in the prior art. Grant does not disclose the purchasing of a share of an investment fund. Furthermore, Grant does not disclose the occurrence of an outflow of shares of the investment fund as a trigger event. Nor does Grant disclose a time of purchase as prior to the next trading day after such trigger event.

Therefore, applicant respectfully submits that claim 5 is not obvious under 35 U.S.C. § 103(a) in view of Grant and alleged common knowledge in the art.

With respect to claims 6 and 7 the Examiner has stated the following:

**Re Claims 6 and 7:** Grant discloses the claimed method supra and further discloses wherein the redeeming is performed prior to the next trading day (within 5 days) following the occurrence of an inflow of shares of the same investment fund (Column 13, lines 8-16; Upon payment, security is returned; indicates substantially instantaneous redemption once an inflow occurs).

Claims 6 and 7 are each dependent claims with respect to claim 5, which is a dependent claim with respect to claim 4, which is a dependent claim with respect to amended claim 1. As stated above, Grant does not disclose the limitations of claim 5 and amended claim 1. Moreover, applicant respectfully submits that Grant does not disclose the limitation of claim 6 of "wherein step (d) is performed prior to the next trading day following the occurrence of an inflow of shares of the same investment fund." Grant also does not disclose the limitation of claim 7 of "wherein step (d) is performed within five trading days of the occurrence of an inflow of shares of the same investment fund on a trading day."

Grant does not refer to any trigger event based on the occurrence of an inflow of shares of an investment fund. Moreover, applicant respectfully submits that the "upon payment" language of Grant relied upon by the Examiner does not disclose (1) the "inflow of shares" triggers of claims 6 and 7, (2) the "next trading day" limitation of claim 6, or (3) the "within five trading days" limitation of claim 7, and such limitations are not common knowledge in the art.

Therefore, applicant respectfully submits that claims 6 and 7 are not obvious under 35 U.S.C. § 103(a) in view of Grant and alleged common knowledge in the art.

With respect to claims 9 and 10, the Examiner has stated the following:

**Re Claims 9 and 10:** Grant discloses the claimed method supra but does not explicitly disclose wherein the fee is determined through an auction or a Dutch auction. However, Grant does disclose that the system is designed for the liquidity providers to compete for the participant accounts (See abstract and Column 13, lines 5-8). Official Notice is taken that it was old and well known in the art at the time of invention to utilize an auction or a Dutch auction in order to stimulate competition for service providers. It

would have been obvious to a person of ordinary skill in the art to modify Grant to include this step so the customer can receive the best rate possible amongst the providers.

Claims 9 and 10 are each dependent claims with respect to claim 8, which is a dependent claim with respect to amended claim 1. As stated above, Grant does not disclose the limitations of claim 8 and amended claim 1. Moreover, applicant respectfully submits that Grant does not disclose the limitation of claim 9 of “wherein the fee is determined through an auction.” In addition, applicant respectfully submits that Grant does not disclose the limitation of claim 10 of “wherein the fee is determined through a dutch auction.”

Grant discloses that “the CLMS allows any card from any vendor to be linked to any participant in any pension plan which offers a level of protection to the participant through competition between card vendors.” (Grant col. 13, lines 5-8). Grant also discloses that “[c]entral processing allows multiple credit cards to compete for any participant account.” (Grant Abstract lines 15-16).

Applicant respectfully disagrees that it would have been obvious to modify Grant to include the limitation of claims 9 and 10. Although Grant discloses competition among multiple credit cards and card vendors, such competition is not in connection with a fee charged by the liquidity vehicle in connection with the purchase of the at least one offered share of the at least one investment fund, as claimed in claim 8 and amended claim 1. Grant discloses that the loan fund purchases the securitized promissory note, not the credit card vendors. Thus, Grant teaches away from claims 9 and 10.

Therefore, applicant respectfully submits that claim 9 and 10 are not obvious under 35 U.S.C. § 103(a) in view of Grant and alleged common knowledge in the art.

With respect to claim 11, the Examiner has stated the following:

**Re Claim 11:** Grant discloses the claimed method *supra* but does not explicitly disclose wherein the fee is determined by the liquidity vehicle. However, Grant does disclose that the system is designed for the liquidity providers to complete for the participant accounts (See abstract and Column 13, lines 5-8). Official Notice is taken that it is notoriously old and well known to allow providers to set their own fees as a means to attract customers. It would have been obvious to a person of ordinary skill that competition aspect of Grant would inherently involve the pricing of the respective fees amongst the liquidity providers. If the providers could not set their own fees this competition would be eliminated, as the providers would have to accept a rate applied from an outside source.

Claim 11 is a dependent claim with respect to claim 8, which is a dependent claim with respect to amended claim 1. As stated above, Grant does not disclose the limitations of claim 8 and amended claim 1. Moreover, applicant respectfully submits that Grant does not disclose the limitation of claim 11 of “wherein the fee is determined by the liquidity vehicle.”

Grant discloses that “the CLMS allows any card from any vendor to be linked to any participant in any pension plan which offers a level of protection to the participant through competition between card vendors.” (Grant Col. 13, lines 5-8). Grant also discloses that “[c]entral processing allows multiple credit cards to compete for any participant account” (Grant Abstract lines 15-16).

Applicant respectfully disagrees that it would have been obvious to a person of ordinary skill that the competition aspect of Grant would inherently involve the pricing of

the respective fees among the liquidity providers. Although Grant discloses competition among multiple credit cards and card vendors, such competition is not in connection with a fee charged by the liquidity vehicle in connection with the purchase of the at least one offered share of the at least one investment fund, as claimed in claim 8 and amended claim 1. Grant discloses that the loan fund purchases the securitized promissory note, not the credit card vendors. Thus, Grant teaches away from claim 11.

Therefore, applicant respectfully submits that claim 11 is not obvious under 35 U.S.C. § 103(a) in view of Grant and alleged common knowledge in the art.

With respect to claims 15 and 16, the Examiner has stated the following:

**Re Claims 15 and 16:** Further system claims would have been obvious in order to implement the previously rejected method claims 1-14 and are therefore rejected using the same art and rationale.

Applicant respectfully submits that amended claim 15 is not obvious under 35 U.S.C. § 103(a) in view of Grant and alleged common knowledge in the art. Amended claim 15 includes the following limitations:

wherein said processor prompts at least one investment fund having a net share outflow to offer shares to the liquidity vehicle;

wherein said processor causes at least one offered share of the at least one investment fund to be purchased by the liquidity vehicle with proceeds of the purchase going to the at least one investment fund; and

wherein said processor causes the at least one purchased share is the liquidity vehicle to be held for a period of time.

(Amended claim 15).

The contrasts between Grant and amended claim 15 are numerous. Grant discloses a promissory note with respect to a pension plan. Amended claim 15, in

contrast, refers to at least one offered share of that at least one investment fund. Grant refers to a pension plan trust 55 that holds pension plan assets. In contrast, amended claim 15 refers to at least one investment fund having a net share outflow. Grant fails to disclose the net share outflow limitation of amended claim 15.

Grant discloses that the loan fund purchases the securitized promissory note and that the cash from that transaction is distributed to the participant's associated unsecured credit card account or other vendor account as specified by the participant. Grant does not disclose the contrasting system of amended claim 15 of wherein said processor causes at least one offered share of the at least one investment fund to be purchased by the liquidity vehicle with proceeds of the purchase going to the at least one investment fund. Indeed, Grant teaches away from amended claim 15. In Grant, the credit card or vendor does not purchase the securitized promissory note. Moreover, in Grant, the pension plan does not get the proceeds of the sale of the securitized promissory note. The scheme of Grant has the loan fund purchasing the securitized promissory note. In Grant, the cash proceeds of the sale go to the participant's credit card account or vendor account as specified by the participant. This is a striking contrast to the system of amended claim 15, wherein the liquidity vehicle does the purchasing, with the proceeds going to the at least one investment fund. In Grant, the proceeds of the sale of the securitized promissory note do not go to the pension plan.

Furthermore, grant does not disclose a liquidity vehicle for the participant that is a combination of the credit account and the loan fund. The loan fund 110 of Grant accepts the instructions of the subtrust (ST) regarding the disbursements of funds (Grant col. 12, lines 43-45). The subtrust of Grant is considered part of the pension

plan. (Grant col. 12, lines 25-27). Thus there is no separation in Grant between the pension plan and a liquidity vehicle if the loan fund is considered part of the liquidity vehicle. But Grant does not disclose the credit card purchasing the securitized promissory note.

Applicant respectfully submits that alleged common knowledge in the art does not supply elements missing from Grant with respect to amended claim 15.

Applicant therefore respectfully submits that amended claim 15 is not invalid under 35 U.S.C. § 103(a) in view of Grant and alleged common knowledge in the art.

Applicant respectfully submits that amended claim 16 is not obvious under 35 U.S.C. § 103(a) in view of Grant and common knowledge in the art. Although amended claim 16 is a system claim that differs from amended claim 15, the arguments are similar to those made with respect to amended claim 15.

With respect to claim 17, the Examiner has stated the following:

**Re Claim 17:** Further computer readable medium claims would have been obvious in order to implement the previously rejected method claims 1-14 and is therefore rejected using the same art and rationale.

Applicant respectfully submits that amended claim 17 is not obvious under 35 U.S.C. § 103(a) in view of Grant and alleged common knowledge in the art. Although amended claim 17 is a computer-readable medium claim that differs from amended claim 15, the arguments are similar to those made with respect to amended claim 15.

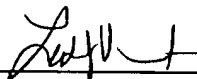
Applicant therefore respectfully submits that the applicable objections and rejections have been overcome.

If there are any additional charges, please charge them to our Deposit Account  
No. 02-2666.

Respectfully submitted,

BLAKELY, SOKOLOFF, TAYLOR & ZAFMAN LLP

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Lester J. Vincent  
Reg. No. 31,460

12400 Wilshire Blvd.  
Seventh Floor  
Los Angeles, CA 90025  
(408) 720-8300